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March 7, 2024

Senator Donny Olson
Senate Finance Committee

RE: Senate Bill 127: Taxation: Vehicle Rentals, Subpoenas

Dear Senator Olson and Members of the Senate Finance Committee

Enterprise Alaska supports the committee substitute for SB 127. This version, 33-LS0635\R, establishes a rental tax rate of 8% for peer-to-peer (P2P) rental transactions. In addition, this version protects existing owners from paying back taxes for rentals that occurred before passage of the legislation. We believe these changes are a reasonable way for all interested parties to move forward.

The rental car market is a dynamic marketplace with all participants facing similar market realities. For example, in Alaska, neither car rental companies nor peer-to-peer car rental platforms collect and remit a state sales tax on their respective transactions because Alaska does not have a statewide sales tax. However, rental car companies currently collect and remit a statewide rental car tax and significant airport-related fees to do business at Alaska's airports. Peer-to-peer car rental platforms currently collect and remit none of these taxes or fees. This legislation helps to level the playing field regarding taxes/fees on all car rental transactions.

We support the passage of this revised version of the legislation in both the Senate and the House of Representatives.

Sincerely,

A handwritten signature in blue ink that reads 'Bill Gardner'.

Bill Gardner
VP/General Manager